

State Budget and Control Board

**South Carolina  
Retirement Systems**

**South  
Carolina  
Police Officers  
Retirement  
System  
(PORS)**



Revised 2/00

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# Get the Facts

This brochure provides a general introduction to the South Carolina Police Officers Retirement System (PORS) and its benefits. It is not a binding representation of the South Carolina Retirement Systems regarding any individual situation. The statutes governing PORS are found in Title 9 of the S.C. Code of Laws. Since these laws change frequently, always contact us for the most current information. You may visit our main office, call our Customer Service Center, or write to us. Our address, telephone numbers, and office hours are listed on the back of this brochure.

## General Information

PORS was established July 1, 1962. Membership includes police officers, public safety officers, and firefighters who are employees of the state, any participating political subdivision, agency, or department of the state (referred to as covered employers). Probate judges may become members also. PORS provides service and disability retirement, vesting rights, and survivor benefits. Employers may elect to provide the Accidental Death Program and Group Life Insurance coverage for employees.

## Membership

To be a PORS member, you must work for a covered employer and be required by the terms of your employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state. Or, you must be required to prevent and control property destruction by fire. As a further requirement, you must earn at least \$2,000 and devote at least 1,600 hours per fiscal year to your work as a police officer or firefighter. The State Budget and Control Board makes the final determination whether any person may become a member as described above.

**An active member is actively employed, earning service credit toward retirement, and making regular contributions to a PORS retirement account. You must be an active member to receive most of the benefits outlined in this brochure. If you are interested in applying for disability benefits or a service credit purchase, you should do so while you are an active member.**

As an active member you will receive a financial statement each year that reflects your employee contributions and interest, and the beneficiaries you designated for your retirement account.

## Correlated Systems

If you have contributions in a retirement account from membership in the South Carolina Retirement System (SCRS) or the General Assembly Retirement System (GARS), as a member of PORS you will have multiple accounts. Your service credit is maintained separately within each account. Your service credit is added together, however, to determine your eligibility for benefits. The higher quarters of salary in PORS or SCRS typically will be used to calculate your retirement benefits from both systems, unless your service is concurrent (earned at the same time).

## Contribution Rates

You contribute 6.5 percent of gross pay into your PORS retirement account and your contributions are deferred from federal and state income tax. Your retirement account earns 6 percent interest which is compounded annually on your balance as of the previous June 30th.

## Vesting (Leaving Before Retirement)

If you terminate employment and are vested (five or more years of service credit toward retirement), you may choose to take a refund, or leave your contributions in your retirement account and be eligible to receive a deferred annuity at age 55. Refer to **Refund of Contributions** on Page 4 for additional information.

## Group Life Insurance

As an optional benefit, employers choose whether to pay the cost to cover their employees. If you are covered and die in-service with at least one year of service credit, a payment equal to your current annual salary may be paid to your designated beneficiaries or trustees. If your death results from a job-related injury, the one-year requirement is waived.

If covered, active group life converts from one year's salary to a \$2,000-to-\$4,000 retiree group life benefit depending on your years of service (see Page 13 for more information). You must have a minimum of 10 years of service to be eligible for the retiree group life benefit.

## Accidental Death Program

As an optional benefit, employers choose whether to pay the cost to cover their employees. If you are covered and die during the actual performance of your duties, without willful negligence, a monthly benefit equal to 50 percent of your annual salary will be paid to your spouse for life. If you have no spouse, the benefit is divided among surviving children until age 18. If you have no spouse or child

under age 18, the benefit will be paid to your surviving father and/or mother for life. Cost-of-living adjustments (see Page 12) may be applied to these monthly benefits.

## In-Service Death

Below are the survivor benefits your designated beneficiaries may be entitled to receive if you die as an active member (see Page 1).

### If you are under age 55 and have less than one year of service credit:

- ➔ Accidental Death Program<sup>1</sup> if job-related;
- ➔ Group Life Insurance<sup>1</sup> if job-related; and
- ➔ Refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

### If you are under age 55 and have 1-14 years of service credit:

- ➔ Accidental Death Program<sup>1</sup> if job-related;
- ➔ Group Life Insurance<sup>1</sup>; and
- ➔ Refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

### If you have 15 or more years of service credit:

- ➔ Accidental Death Program<sup>1</sup> if job-related;
- ➔ Beneficiary's choice of monthly benefit **or** refund of employee contributions plus interest **or** \$1,000 (whichever is greater); and
- ➔ Group Life Insurance<sup>1</sup>.

### If you are age 55 or older:

- ➔ Accidental Death Program<sup>1</sup> if job-related;
- ➔ Beneficiary's choice of monthly benefit **or** refund of employee contributions plus interest **or** \$1,000 (whichever is greater); and
- ➔ Group Life Insurance<sup>1</sup> (at least one year of service).

## Beneficiaries

You may name as many beneficiaries and/or trustees as you wish. Multiple beneficiaries share equally in survivor benefits. You may also name your estate; however, monthly payments cannot be paid to an estate. As an active member, you may also name contingent beneficiaries or trustees in case of death of the primary beneficiaries. All primary beneficiaries must be deceased before any contingent beneficiaries are paid. You may name separate beneficiaries and trustees, but not contingent beneficiaries, for the group life insurance or retiree benefits.

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<sup>1</sup>An employer may choose to provide this coverage. If an employer elects to provide this coverage, the employer must pay for the coverage.

Generally, you may change your beneficiaries at any time before retirement. The financial statement you receive each year for your retirement account lists your beneficiaries.

## Refund of Contributions

If you terminate employment, you may request a refund of your employee contributions plus interest, but you forfeit your rights to any future service retirement or disability benefits. You are not required to withdraw your contributions and interest at termination, regardless of your credited service time toward retirement. Employer contributions plus interest are not refunded.

By law, there is a 90-day waiting period from your date of termination until a refund can be made. If you are working for two or more covered employers and contributing to more than one retirement account (i.e., working two jobs and paying into an SCRS and PORS account), you must stop working in all systems to request a refund from any or all accounts.

The Retirement Systems must withhold federal taxes of 20 percent on any portion of your taxable refund not transferred directly into another qualified retirement plan. Other taxes may apply as well. Check with an accountant or tax advisor regarding your tax liability and refer to IRS Publication 575, "Pension and Annuity Income."

## Establishing Service Credit

While you are an active member (see Page 1), you may establish service credit for various types of previous employment or leaves of absence (see Pages 4-7). You may purchase service credit by a lump-sum payment, an installment service purchase (after-tax, plus interest), or a tax-deferred rollover from the State Deferred Compensation Program's 401(k) plan or other qualified retirement plan (under Internal Revenue Code §401(a)).

The costs, eligibility criteria, required documentation, and methods to purchase vary with each type of service and are quite complex. If you are interested in establishing any of the following types of additional service, contact the Retirement Systems for more detailed information.

## Descriptions of Types of Service

**Convert Class I to Class II.** If you are a Class II PORS member but have Class I service, you may convert it to Class II by paying 5 percent of your current salary less the amount you paid in Class I contributions (\$16 per month).

**Educational Leave.** You may continue contributing to your retirement account while on an educational leave of absence. You must arrange this in advance with your employer. Contributions are generally based on your current salary.

**Retroactive Educational Leave.** If you left covered employment to attend undergraduate or graduate school and returned to covered employment within 90 days after your last date of enrollment, you may purchase up to two years of credit. The cost is generally 12 percent of your current salary for each year purchased.<sup>1</sup>

**Family Medical Leave.** Under the guidelines of the 1993 Family Medical Leave Act, you may request through your employer to continue contributing to your retirement account. Contributions are generally based on your salary at the time of leave.

**Federal Service.** You may establish previous federal government service if the credit is not duplicated by a federal retirement program. The cost is generally 12 percent of your current salary for each year purchased.<sup>1</sup>

**Maternity Leave.** You may establish up to six months of maternity leave if you plan to be in a leave-without-pay status. You must arrange this in advance with your employer. Contributions are generally based on your current salary.

**Retroactive Maternity Leave.** If you left covered employment during pregnancy and returned to covered employment, you may establish up to one year of credit for each pregnancy, not to exceed three years. You may not be absent from work for a period longer than two years for each pregnancy. The cost is generally 12 percent of your current salary.<sup>1</sup>

**Military Leave.** If you are called to active military duty, you may arrange with your employer to continue contributing to your retirement account. Contributions are generally based on your current salary.

**Military/National Guard Service.** You may establish previous, active duty military service and/or National Guard service performed through December 31, 1975. You may establish all eligible service up to a maximum of six years. The cost to establish active duty military service is based on your beginning salary of current PORS membership plus interest.<sup>1</sup> The cost for National Guard service is generally 12 percent of your current salary for each year purchased.<sup>1</sup>

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<sup>1</sup>This purchase is eligible for the Installment Service Purchase Program.

**Municipality Service.** You may establish service for previous employment with a South Carolina city or town that is not covered under the Retirement Systems if the service is not duplicated by another retirement program. The cost is generally 12 percent of your current salary for each year purchased.<sup>1</sup>

**Non-Member Service.** You may establish service for previous employment with an employer covered by the Retirement Systems that also meets the PORS membership criteria (see Page 1) if you were eligible to participate at the time of the previous service but did not make any retirement contributions. The cost is generally 6.5 percent of your current salary for each year purchased. If the non-member service does not meet the PORS membership criteria, the cost is generally 12 percent of your current salary for each year purchased.<sup>1</sup>

**Out-of-State Service.** You may establish service for previous employment as a teacher or employee of any state, territory, or other U.S. governmental subdivision outside South Carolina if the service would have been creditable in this state and is not duplicated by another retirement program. The cost is generally 12 percent of your current salary for each year purchased.<sup>1</sup>

**Regional Councils of Government Service.** You may establish service for previous employment with regional councils of government if the service is not duplicated by another retirement program. The cost is generally 12 percent of your current salary for each year purchased.<sup>1</sup>

**Restoring a Withdrawal.** If you left previous employment and received a refund of your contributions plus interest, you may reestablish this service in its original class (Class I or Class II) upon returning to active membership. You must repay the amount you withdrew plus interest to date of request (see **Convert Class I to Class II** on Page 4).<sup>1</sup>

**Sick Leave.** If you were off payroll due to illness, you may establish up to 90 calendar days of service if you make your request within one year after returning to work. The cost is generally based on your salary and employee contributions plus interest at the time of leave.

**Transfer from SCRS.** If you are a former member of SCRS, you may transfer your nonconcurrent SCRS service credit to your PORS account by paying 5 percent of your current salary for each year transferred.<sup>1</sup> Any future benefits will be calculated using the PORS retirement formula on Pages 7-8.

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<sup>1</sup>This purchase is eligible for the Installment Service Purchase Program.



**Workers' Compensation.** You may establish service credit for a period while on leave of absence and receiving Workers' Compensation benefits. The cost is based on full-time contributions plus interest using your salary at the time of injury. You may also arrange in advance with your employer to continue contributing to your account while you are receiving Workers' Compensation benefits.

## Service Retirement

### When to Apply

We encourage you to file your application as early as six months prior to your effective date of retirement but no later than 90 days afterward. You must file an application to retire; it is not automatic. Contact your employer or the Retirement Systems for a retirement application packet. Please do not make plans to terminate employment until the Retirement Systems has audited your service credit and you receive official notice of your retirement eligibility. If you are considering retirement, you may schedule an appointment with a retirement consultant. Your service will be audited prior to your counseling session. Contact our Customer Service Center to make an appointment.

### Eligibility

You may retire in one of the following ways<sup>1</sup>:

- 25 years of service credit, or
- age 55 with 5 years of service credit<sup>2</sup>.

You must apply separately for your retiree health insurance and Social Security benefits, if eligible.<sup>2</sup>

## Service Retirement Maximum Benefit Formula

Here are the steps to calculate your basic monthly benefit:

**Step 1** Total your 12 highest consecutive quarters of salary and divide by 3<sup>3</sup>;

**Step 2** Multiply the amount by 2.14% (.0214) (Class II)<sup>4</sup>;

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<sup>1</sup>If you have contributions in a PORS and an SCRS or GARS retirement account, see **Correlated Systems** on Page 2.

<sup>2</sup>**Health insurance restrictions may apply.** Contact your employer or health insurance provider for additional information. If you are enrolled in the State Health Plan or a health maintenance organization (HMO) you may call the Office of Insurance Services at 803-734-0678.

<sup>3</sup>Average final compensation (AFC) is the total of your highest 12 consecutive quarters of salary (Jan. - Mar., Apr. - Jun., Jul. - Sep., Oct. - Dec.) divided by 3. The dollar amount of up to 45 days of unused annual leave may be added to the quarters of salary. See **Unused Leave at Retirement** on Page 8.

<sup>4</sup>Class I monthly benefit is computed at \$10.97 for each year of Class I service. You may convert Class I service to Class II (see Page 4).

**Step 3** Multiply the result of Step 2 by years, months, and days of creditable service<sup>1</sup>;

**Step 4** Divide the result of Step 3 by 12.

**Example**

Average final compensation (AFC) = \$25,000

Creditable retirement service = 25 years

$\$25,000 \times 2.14\% = \$535$

$\$535 \times 25 = \$13,375$  annual retirement benefit

$\$13,375 \div 12 = \$1,114.58$  monthly benefit<sup>2</sup>

**Unused Leave at Retirement**

**Annual Leave.** At retirement, the dollar amount of up to 45 days of unused annual leave may be added to your quarters of salary (see Step 1 of the benefit formula on Pages 7-8). This leave amount is reported by your employer after retirement.

**Sick Leave.** At retirement, you may receive service credit for up to 90 days (4½ months) of unused sick leave (see Step 3 of the benefit formula above). It cannot be used to establish eligibility for retirement. Sick leave is reported by the employer after retirement.

Your first few retirement checks will be estimated. After retirement, your account will be finalized with annual leave payments, sick leave credit, and final account contributions. Your benefit will be adjusted back to your date of retirement, if applicable.

**Approximate Percentages of Average Final Compensation (AFC)**

These figures are based on the standard benefit payment called the maximum payment plan. Choosing a different payment plan to provide a future benefit for beneficiaries will reduce this amount.

Years of Service Credit	Percentage
25	54%
30	64%
35	75%
40	86%

<sup>1</sup>Convert months to days and divide total days by 360 to determine a decimal equivalent for partial years. For example, 25 years, 2 months and 10 days equals 25 years, 70 days (60 + 10).  $70 \div 360 = .19$ . This amounts to 25.19 years of service.

<sup>2</sup>Choosing an option to provide a future benefit for beneficiaries will reduce this amount.

## Approximate Maximum Monthly Benefit at Retirement

These figures are based on the standard benefit payment called the maximum payment plan. Choosing a payment plan other than the maximum will reduce the amount of your monthly benefit.

AFC	Years of Service							
	5	10	15	20	25	30	35	40
\$ 7,500	\$ 67	\$ 134	\$ 201	\$ 268	\$ 334	\$ 401	\$ 468	\$ 535
8,000	71	143	214	285	357	428	499	571
8,500	76	152	227	303	379	455	531	606
9,000	80	161	241	321	401	482	562	642
10,000	89	178	268	357	446	535	624	713
12,000	107	214	321	428	535	642	749	856
15,000	134	268	401	535	669	803	936	1,070
18,000	161	321	482	642	803	963	1,124	1,284
20,000	178	357	535	713	892	1,070	1,248	1,427
25,000	223	446	669	892	1,115	1,338	1,560	1,783
30,000	268	535	803	1,070	1,338	1,605	1,873	2,140
35,000	312	624	936	1,248	1,560	1,873	2,185	2,497
40,000	357	713	1,070	1,427	1,783	2,140	2,497	2,853
45,000	401	803	1,204	1,605	2,006	2,408	2,809	3,210
50,000	446	892	1,338	1,783	2,229	2,675	3,121	3,567
60,000	535	1,070	1,605	2,140	2,675	3,210	3,745	4,280
70,000	624	1,248	1,873	2,497	3,121	3,745	4,369	4,993
80,000	713	1,427	2,140	2,853	3,567	4,280	4,993	5,707
90,000	803	1,605	2,408	3,210	4,013	4,815	5,618	6,420
100,000	892	1,783	2,675	3,567	4,458	5,350	6,242	7,133
110,000	981	1,962	2,943	3,923	4,904	5,885	6,866	7,847

## Payment Plans at Retirement

There are a number of monthly annuity payment plans available to you at retirement. Select the one that best suits your needs. This selection may not be changed after benefit payments have begun. However, if your marital status changes (death, divorce, marriage), contact the Retirement Systems immediately to find out your options.

## Payment Plans

### Type I: Retiree Only Monthly Annuity Plans

**Maximum Plan.** This plan will pay you our standard lifetime benefit based on your average final compensation, years of service, and a multiplier (.0214) set by statute (or \$10.97 for each year of Class I service, prorated for months and days). The benefit formula is explained further on Pages 7-8. Upon your death, the Retirement Systems will

return, through a lump-sum payment to your beneficiary, any member contributions and interest not paid to you in benefits during your retirement.

**Income-Leveling Plan (PORS Option 3).** You will receive both the maximum payment (including granted cost-of-living increases) and an advanced additional benefit (without cost-of-living increases) from your date of retirement until age 62. At age 62, the Retirement Systems will begin recovery of the advancement by permanently reducing your benefit by the full amount (not just the percentage) of the estimated Social Security benefit payable at age 62. The reduction does not stop when the advancement has been recovered. Upon your death, the Retirement Systems will return, through a lump-sum payment to your beneficiary, any member contributions and interest not paid to you in benefits during your retirement.

A Personal Earnings and Benefit Estimate Statement (PEBES) from the Social Security Administration is required to calculate the advanced additional benefit (above the maximum payment) and the permanent age-62 reduction. The PEBES **must** be attached to your application for the Retirement Systems to appropriately calculate your benefit. The advancement varies actuarially and depends on your age at retirement.

The intent of the income-leveling plan is to pay a retiree more of his lifetime maximum monthly payment prior to age 62 and less after age 62, since at age 62 the retiree can typically draw Social Security to level his income. The advancement is not funded by Social Security and the Retirement Systems cannot guarantee an income-leveling effect. Retirees must apply independently for Social Security at the appropriate time.

If you are age 62 or older, you cannot select this plan. If you have more than one account with the Retirement Systems, you may select the income-leveling plan for only one account (for example, either SCRS or PORS, but not both). If you have a pending disability claim, you may not select this plan. You can, however, complete Form 6256 and attach it to your service retirement application to pre-select Option 3 in case your disability claim is denied.

## **Type II: 100%/100% Joint Retiree-Survivor Monthly Annuity Plans**

**Option 1.** You will receive a reduced (from the maximum) monthly benefit for life and, upon your death, the same benefit (100 percent of your benefit, including granted

cost-of-living increases) will continue throughout your beneficiary's lifetime.<sup>1</sup>

**Option 1A.** Payout is the same as in Option 1; however, Option 1A provides additional protection for you. If your designated beneficiary predeceases you, your benefit will revert to the standard maximum payment plan, including cost-of-living increases granted since your retirement date.<sup>1</sup>

## Type III: 100%/50% Joint Retiree-Survivor Monthly Annuity Payment Plans

**Option 2.** You will receive a reduced (from the maximum) monthly benefit for life and, upon your death, one-half of the benefit (50 percent of your monthly benefit, including granted cost-of-living increases) will continue throughout your beneficiary's lifetime.<sup>1</sup>

**Option 2A.** Payout is the same as in Option 2; however, Option 2A provides additional protection for you. If your designated beneficiary predeceases you, your benefit will revert to the standard maximum payment plan, including cost-of-living increases granted since your retirement date.<sup>1</sup>

## Disability Retirement Information

If you are an active PORS member (see Page 1) with at least five years of service credit, you may apply for disability retirement if your disability is likely to be permanent. Service will be projected until age 55. The five-year requirement is waived if you can substantiate that your disability is the result of a job-related injury.

**You should file your application for disability retirement as soon as you become disabled or before you are removed from your employer's payroll.** If approved, your effective date for benefits will be no earlier than the 30th day after your application is received by the Retirement Systems or the day after the last day paid, whichever is later.

The disability evaluation process is lengthy and is subject to a detailed evaluation and a Retirement Systems Medical Board review for approval. Periodic medical reexaminations which may result in suspension of your benefit may be required up to age 55. Your disability benefit is subject to

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<sup>1</sup>If you choose this plan and name multiple beneficiaries, your benefit will be divided equally among them. The benefit will not change for the remaining beneficiaries if one beneficiary dies, either before or after the member dies. If you choose Option 1A or 2A, your benefit will revert to the maximum payment plan only if all beneficiaries predecease you.

being discontinued or reduced if you regain a certain earning capacity.

At age 55, the same earnings limitation amounts will apply as for a service retiree. For more information, refer to the **Disability Retirement Information** brochure, available from your employer or from the Retirement Systems.

## Post-Retirement Information Retirement Checks

Retirement checks are mailed the last business day of each month. If your check has not arrived by the 10th of the month, notify the Retirement Systems in writing. Endorse all checks as drawn. If someone else must endorse your checks, notify the Retirement Systems immediately. It is also very important to notify the Retirement Systems in writing of any change of your home mailing address. You may request that we directly deposit your check. It takes about two months to process a direct deposit request, but it's worth it for the convenience and safety of your money.

## Returning to Covered Employment

As a regular service retiree you may work for an employer not covered by the Retirement Systems, such as in the private sector, and earn any amount without affecting your retirement benefits. An earnings limitation applies to disability retirees. If you return to work for an employer covered by the Retirement Systems, you may earn up to \$25,000 per fiscal year (July 1, 1999 - June 30, 2000). If you exceed this limit, your benefit will be discontinued for the remainder of the fiscal year.

The Department of Education may approve for certain teachers who are hired in a geographical need or a critical academic need area to be exempt from the earnings limitation. These are approved on an annual basis. You should contact your school district or the Department of Education for more information.

If you work 48 continuous months for a covered employer with an annual salary of at least 75 percent of the AFC used to calculate your retirement benefit, you may again join PORS. You may repay your retirement benefits and purchase service credit for that 48-month period and your subsequent retirement benefit will be computed as if you are retiring for the first time.

A special 48-month exemption applies to a retiree elected as sheriff. Contact the Retirement Systems for details.

# Cost-of-Living Adjustments

Cost-of-living adjustments (COLAs) are not guaranteed. The actuary must first determine whether funding requirements have been met, then the State Budget and Control Board must approve the COLA.

If approved, COLAs are calculated as follows: Your monthly benefit is increased by 4 percent each July 1 provided your retirement was in effect the previous July 1 and the Consumer Price Index (CPI) increased at least 3 percent during the previous calendar year. If the CPI increased less than 3 percent, your COLA will be equal to the CPI increase.

Cost-of-living and other special increases in benefits are not applied to the amount advanced through Option 3.

# Retiree Group Life Insurance

As a retiree, if you die and your last employer prior to retirement is covered by the Group Life Insurance program (see **Group Life Insurance** on Page 2), a benefit based on your service credit will be paid to your beneficiaries as follows:

- ➡ 10-19 years ..... \$2,000;
- ➡ 20-29 years ..... 3,000;
- ➡ 30 or more years ..... 4,000.

# Taxes

Your monthly benefits are subject to federal and state income taxes, but there is a South Carolina state income tax deduction for state retirement income based on your age. If you are under age 65, up to \$3,000 of retirement income may be deducted. When you reach age 65, you may deduct up to \$10,000. If you are age 65 or older, there is an age-65 deduction of up to \$15,000 from any taxable income, but it is offset by any retirement deduction claimed.

Call the S.C. Department of Revenue at 803-898-5709, or the nearest local service center for additional information. If you do not have taxes withheld from your retirement check, you may need to file estimated taxes each quarter. Check with an accountant or tax advisor regarding your tax liability.

## **Mailing Address**

South Carolina Retirement Systems  
P.O. Box 11960  
Columbia, SC 29211-1960

## **Location**

Fontaine Business Center  
202 Arbor Lake Drive  
Columbia, South Carolina 29223

## **Office Hours**

8:15 AM - 5:00 PM

## **Customer Service**

1-803-737-6800  
1-800-868-9002 (SC only)  
custservice@scrs.state.sc.us

## **Internet Web Site**

[www.scrs.state.sc.us](http://www.scrs.state.sc.us)

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